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C O N F I D E N T I A L SECTION 01 OF 02 KINSHASA 001553

SIPDIS

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TAGS: [EAID](#) [ECON](#) [EFIN](#) [ENV](#) [EMIN](#) [ETRD](#) [PGOV](#) [PREL](#) [CG](#) [HIPC](#) [OPIC](#)

SUBJECT: PRIDE AND PREJUDICE BY VP BEMBA

Classified By: Econoff Peter Newman for reasons 1.5 b/d

1. (C) Summary. On Aug 12, Ambassador Meece paid a courtesy call on DRC Vice President for Economic and Financial Affairs, Jean-Pierre Bemba. Bemba made clear his pride in the economic achievements of the past year and his extreme prejudice toward Rwandan President Kagame as the primary culprit behind the Kivus insecurity. The two also discussed potential investments, OPIC and HIPC, elections planning, regional confidence building and Bemba's interest in making an official visit to Washington (septel). End Summary.

#### ECONOMIC CREDENTIALS AND INVESTMENT

2. (C) Ambassador Meece opened by commending the economic progress the DRC has made over the past two years, specifically citing the impressive IMF report in Washington. Bemba accepted credit for the DRC's macro progress citing forecasts for CY2004 of inflation at 5 percent and GDP growth of 6 percent. He also made a point to note that the exchange rate has remained stable and that the DRC is operating on a balanced budget. Increased trade (traffic at Matadi has doubled and exports have increased 26 percent) and general commerce was also of importance as Bemba claims that economic activity has increased twofold in the past six months. However, he offered the caveat that the common Congolese are increasing purchases of staple goods, for example bread, demonstrating increasing purchasing power. (Comment. To his credit, this shows that Bemba is looking at the local population rather than just the big services, industries and import-export firms. End Comment.)

3. (C) Bemba highlighted three main economic challenges: bringing the informal sector into the formal economy, improving the tax ethic, and deepening the fight against corruption and fraud - particularly in the Eastern DRC. Ambassador agreed with Bemba's estimate and expressed U.S. support for reinforcing reforms and improving the private sector through foreign direct investment. Bemba took this opportunity to raise his desire to travel to the U.S. to meet with potential investors and USG officials (septel). Ambassador noted that the Overseas Private Investment Corporation (OPIC) is currently considering enlarging its program in the DRC, which will help potential investors explore opportunities and manage risk in the DRC. (Comment. Bemba appeared not to have any knowledge of OPIC or its role in investment promotion, but quickly recognized the potential benefits to actively working with the USG in supporting OPIC's program. End Comment.)

4. (C) Ambassador also brought up the case of Phelps-Dodge, which is currently in negotiations with Gecamines for a several hundred million dollar investment project, as a test case for large-scale investment in the DRC. Bemba assured the Ambassador that his people are trying to finalize the dossier. He stated that the Phelps-Dodge file is now securely in the hands of the Minister of Plan Alexis Thambwe (MLC affiliated) and that the legal questions will now be resolved since the lead lawyer has returned from foreign travel. (Comment. Bemba appeared poorly informed on the details of the case, even though his economic advisor Yves Kisombe and Minister Thambwe are both directly involved in evaluating the file. Phelps-Dodge and Gecamines reps have told Econoff that the legal issue was resolved on July 29. The question is now the financial aspects of the joint-venture, particularly Gecamines' equity stake. End Comment.)

5. (C) Ambassador assured Bemba that the Department is working closely with Congress to secure funding for HIPC debt relief based on U.S. obligations to the Paris Club. Bemba commented that the deadline for the HIPC completion point was 2006 and he would like to reach completion before then. The DRC arrived at a decision point in July 2003 and continues to pay its debts to the U.S. in a timely manner despite its fiscal difficulties. He hopes that Congress will take that into consideration when deciding on appropriations. (Comment. Post believes that he intended to both demonstrate the good progress made by the DRC as well as maintain pressure on the USG to fulfill its Paris Club obligations. End Comment.) Ambassador reassured Bemba that for the coming fiscal year, top level officials in the government are working hard to convince Congress to appropriate the necessary funds for HIPC debt relief.

A POLITICAL TOUR D'HORIZON

16. (C) Bemba focused on two issues: elections/integration and Rwanda. Both Bemba and Ambassador commented that the integration of the military and the DDR(RR) programs must accelerate before elections can occur. Ambassador assured Bemba that DDR(RR) is a high priority issue in Washington and that he will take up the issue with SRSB as well as the World Bank and IMF resident representatives to make sure there is enough institutional support and financing. Bemba clearly believed that unless the integration issues were resolved, elections would not occur in a serene and secure environment.

17. (C) However, Bemba stated that he was not convinced that all actors (i.e. some in the Eastern DRC) wanted the DRC to arrive at free and transparent elections. He opined that Rwanda was obviously at fault for the continuing instability in the Kivus. He stated that the Congolese people hold no prejudices against the Rwandan people; however, Kagame must halt his actions because the Congolese people do not deserve to be mistreated by Kigali. Ambassador reiterated that the U.S. position in support of Congolese sovereignty and territorial integrity. Bemba said that he believes that the U.S. needs to play the principle role in confidence building between the Great Lakes states. He is looking for U.S. moral if not material support to organize the CPGL and the Great Lakes Conference as well as for follow through on the tripartite border verification mechanism. He fears that the U.S. and the international community have forgotten the DRC in the rush to deal with the Darfur crisis. Ambassador reassured Bemba that the U.S. has not forgotten the DRC and was working to arrange not only the next tripartite meeting but also supports efforts to have effective mechanisms to secure Congo's borders. Bemba was keen on Monuc having a central role in the proposed Joint Verification Mechanism (JVM). However, he was cool on AU participation beyond observer status.

#### COMMENT

18. (C) Bemba was engaged and said most of the right things during the one hour conversation. He appears to have a good handle on the macro aspects of the economic and financial portfolio. However, his knowledge of ongoing investment cases and investment incentives seems somewhat lacking considering the stress he laid on improving the formal sector. Bemba's political commentary reflected his susceptibility to feeling stilted and ignored. He stated that he would like to see the U.S. take a more activist role in the Congolese peace process and is afraid that Darfur is distracting the U.S. and the rest of the international community. His commentary on Kagame and the situation in the East was typical and expected. Noticably absent was any mention of Ugandan involvement in the arms or the minerals trade in the Kivus and Ituri. End Comment.  
MEECE